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1 UNITED STATES DISTRICT COURT
2 DISTRICT OF CONNECTICUT
3 CRIMINAL NO.3:07-CR-134 (JBA)

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DORSEY & WHITNEY LLP.
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at 10:36 AM

5 JULY 8, 2009

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7 UNITED STATES OF AMERICA,
8 Plaintiff

10 -vs-

11 IONIA MANAGEMENT S.A.,
12 Defendant

13 -----

14 Hearing held on July 8, 2009 in the
15 hereinbefore-entitled action, pursuant to Notice
16 before Victorine Kaliszewski, a duly qualified
17 Notary Public in and for the State of Connecticut,
18 held at the U.S. Bankruptcy Court, 157 Church
19 Street, New Haven, Connecticut.

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23

24 REPORTED BY: VICTORINE KALISZEWSKI
25 LICENSE NUMBER: 00208

1 APPEARANCES:

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9

10 U.S. DEPARTMENT OF JUSTICE
ATTORNEYS FOR THE PLAINTIFF
11 P.O. BOX 23985
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12 BY: LANA N. PETTUS, ESQ.

13 ALSO PRESENT:

14 DETECTIVE MAJOR JOHN CASHMAN, USCG
KENNETH OLSON, USCG
15 CAPTAIN THOMAS LENNON, USCG

16 CHALOS, O'CONNOR & DUFFY
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18 BY: MICHAEL G. CHALOS, ESQ.
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1 MR. BUNDY: We could go on the record.

2 This is the second Special Master's
3 hearing in United States versus Ionia
4 Management.

5 I would like to -- first of all, I'd like
6 the parties to identify themselves and whoever
7 is going to be doing the speaking role during
8 the hearing so that the Court Reporter will
9 have your name and be able to keep everything
10 straight on the record.

11 For the record, I'm Robert Bundy, Special
12 Master.

13 This is Captain Richard Wigger and James
14 Sanborn.

15 Miss Tsochlas, could you start on your
16 presentation?

17 First, could the parties identify
18 yourselves for the record?

19 MS. PETTUS: Lana Pettus, I'm with the
20 Environmental Crime Section of the Department
21 of Justice.

22 MR. CASHMAN: Detective Major John
23 Cashman, U.S. Coast Guard.

24 MR. OLSEN: Ken Olsen, Coast Guard.

25 MR. LENNON: Captain Tom Lennon, U.S.

1 Coast Guard.

2 MR. CHALOS: I'm Michael Chalos on behalf
3 of Ionia Management.

4 To my left is Miss Tsochlas and this is
5 Mr. Karagiorgis and with me is George Kontakis
6 from our firm.

7 MS. PETTUS: And also we missed one on
8 this side. Lieutenant Commander Burgess.

9 MR. BUNDY: Last time you were a
10 lieutenant. Congratulations.

11 MR. BURGESS: Thank you. I appreciate
12 that.

13 MR. CHALOS: I think this case has gotten
14 you a promotion. We have the interpreter with
15 us as well, Miss Luttrell.

16 MR. BUNDY: Good morning. And you'll be
17 available if needed?

18 THE INTERPRETER: Correct.

19 MR. BUNDY: Before we start, does anybody
20 have anything to bring up?

21 I propose that what we do is we do it
22 pretty much like we proceeded last time. Ionia
23 will make a presentation with Miss Tsochlas and
24 anybody else that they wish to present. Then
25 the Government will have an opportunity to

1 examine any of the Ionia witnesses or present
2 any evidence that they want and at the
3 conclusion, Captain Wigger or Mr. Sanborn or
4 myself will be able to inquire.

5 We're going to be relatively informal and
6 we may stay strictly to that format, but what I
7 propose is that we break at quarter to 12 till
8 1:15 and then proceed after that until we
9 finish and, hopefully, we can finish today. I
10 have every expectation that we will.

11 Miss Pettus, do you have anything to bring
12 up before we start?

13 MS. PETTUS: I think we're comfortable to
14 go ahead and get started.

15 MR. BUNDY: Mr. Chalos?

16 MR. CHALOS: Nothing other than the
17 presentation we're going to make today.

18 MR. BUNDY: Okay. Great. What we'll do
19 then is swear in Miss Tsochlas and you can
20 begin then. So, if the Court Reporter would
21 swear you in, we'll start.

22

23

24

25

1 KRYSTYNA TSOCHLAS, of 12 Laskou Street, Piraeus 185
2 36, was called as a witness and duly sworn by the
3 Court Reporter, was examined and testified as
4 follows:

5 MR. BUNDY: Be sure and remember to speak
6 into the microphone so the Court Reporter can
7 hear everything you say.

8 THE WITNESS: Are we ready to begin?

9 MR. BUNDY: We're ready to begin.

10 MS. TSOCHLAS: Let's go to the agenda.

11 We have divided the presentation into
12 three parts. The first part is based on the
13 outline provided to us by Mr. Bundy in his
14 letter dated the 27th of March. Items on that
15 outline are in red. And then any additional
16 issues that we wanted to bring up, we have
17 added in white.

18 We'll start off with the first item which
19 is the process in fully implementing the SWOMS.
20 We'll present a timeline for the full
21 implementation of the SWOMS on both vessels and
22 operational feedback from the M/T THEO T and
23 the M/T FIDIAS and then an assessment of the
24 level of support from the manufacturer, which
25 is the Richard Marine Systems, and then we'll

1 go onto our additional issues, which we'll
2 address at the time.

3 The second point is training. The
4 assessment of the training carried out at the
5 manning agent in the Philippines. An
6 assessment of our computer based training
7 program and further additional issues.

8 The third point is the environmental
9 management system. We will discuss the status
10 of implementation of the environmental
11 management system and plans for its
12 distribution and the revisions that have been
13 made to that system since the presentation we
14 made in December.

15 The fourth item is the initial audit that
16 was carried out on M/T FIDIAS in January of
17 this year. We'll discuss the procedure for
18 maintaining the seal logs. Port testing of the
19 OWS/OCM. And implementing an internal
20 environmental audit procedure.

21 And the fifth item is the Fleet
22 Engineering Survey report with the progress
23 we've made on implementing that.

24 Part two will then be comments on our
25 progress regarding the conclusions drawn

1 following the hearing in December and that is
2 divided into the submission of documentation,
3 the CCM, corporate compliance management, scope
4 of work and terms of probation, the SWOMS,
5 updates of the status of the SWOMS to the
6 Special Master and computer based training.
7 And then part three has some additional issues
8 that we thought would be good to be discussed
9 today, and that would be the anonymous
10 reporting procedure. Also, just before coming
11 here, we had verification audit carried for the
12 SWOMS carried out by Captain Wigger onboard the
13 M/T THEO T, so we thought we'd include our
14 response to comments made there. Our mission
15 and the conclusion.

16 So we'll start with part one now, which is
17 in accordance with the outline provided by
18 Mr. Bundy.

19 Here we have the timeline for the
20 installation and commissioning of the SWOMS on
21 both of the vessels.

22 Underneath is for FIDIAS, M/T FIDIAS, and
23 it indicates milestones that we've achieved
24 during the implementation, and above is M/T
25 THEO T. The period covers from 14th of

1 January 2008 up until the end of May of this
2 year of 2009. The 14th of January is when we
3 came to an agreement with Vigilant Marine
4 Systems regarding the specifications of the
5 SWOMS. In other words, what functions the
6 SWOMS should have and what capabilities it
7 would have. On the 5th of February,
8 technicians from Ashland who are subcontractors
9 to Vigilant Marine boarded the FIDIAS in order
10 to identify the requirements for installing the
11 system onboard.

12 MR. CHALOS: That was in 2008.

13 MS. TSOCHLAS: Yeah, this is from 2008.

14 On the 18th of March of 2008, we placed
15 the purchase order for the first unit that
16 would be installed on the FIDIAS. Then we
17 moved onto the THEO T and we did the same.
18 Ashland technicians boarded the vessel on the
19 18th of April 2008 to identify the requirements
20 for the system, and on the 23rd of April 2008
21 the purchase order was placed for the M/T THEO
22 T. In the meantime, as you know from the last
23 time, the M/T FIDIAS in March sailed down to
24 the west of Africa and got stuck there until
25 January of 2009. The unit, however, was

1 prepared and shipped to Spain -- to S'pore --
2 on the 28th of June. Because that would be the
3 first stop when the vessel was coming back up
4 from West Africa. On the 27th of July the
5 SWOMS was delivered in S'pore because the
6 vessel for the THEO team -- because the THEO
7 team was dued to be dry docked in Singapore in
8 August. And on the 19th of August the SWOMS
9 was installed onboard the vessel. Now, it was
10 installed onboard, it wasn't commissioned.
11 From the 19th of August until the 24th of
12 October of 2008, Ashland technicians were going
13 onboard trying to resolve issues that we had
14 with the sensor calibration.

15 MR. BUNDY: Now, who are the Ashland
16 technicians?

17 MS. TSOCHLAS: They're subcontractors for
18 Vigilant Marine, and they have offices -- they
19 have workshops all around the world and they do
20 the actual installation. Vigilant Marine
21 produces the software for the unit.

22 MR. BUNDY: I see.

23 MS. TSOCHLAS: On the 24th of October in
24 2008, the SWOMS was commissioned, but pending
25 the electronic transmission of data without the

1 need for human intervention, we were having
2 problems at that time with the compatibility
3 between the software of the SWOMS and the
4 communication systems that we had onboard.

5 MR. CHALOS: Would you mind just slowing
6 down a second and explain to the panel, if you
7 will, what you mean by the data transmission
8 without human intervention.

9 MS. TSOCHLAS: When it was commissioned on
10 the 24th of October, it had the -- it was fully
11 functional, the unit was fully functional and
12 recording everything it was supposed to record
13 in accordance with the requirements. The data
14 was being printed out, though, on a roll of
15 paper which would be submitted -- from the end
16 of October has been submitted to us as scanned
17 copies. Electronic transmission is the data
18 being sent using the vessel's e-mail system
19 without the need for anyone to actually take
20 that data, print it, scan it, whatever, and
21 send it to the company.

22 So is that clear for everybody?

23 MR. BUNDY: I think so.

24 MR. CHALOS: The problem in October was
25 that you couldn't send the data electronically,

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1 you could get it on paper but not
2 electronically.

3 MS. TSOCHLAS: Exactly. It was being
4 printed out on a daily basis and that had to be
5 sent as scanned copies.

6 During that period, we were trying to
7 resolve the issues with Vigilant Marine and the
8 compatibility between the two systems. A
9 similar version of the SWOM system that had
10 been installed on other vessels had been with
11 using RYDEX Communication System, it's another
12 kind of communication system. Vigilant Marine
13 believes that they could use our communication
14 system as well. They were not expecting to
15 have compatibility problems. In the meantime,
16 on the 18th of January, FIDIAS had sailed up
17 from the west of Africa and the SWOMS was
18 installed onboard.

19 During the period from June until January,
20 we had gone through a number of upgrades to the
21 SWOM system as various issues came up, so we
22 had to install that updated software on the
23 FIDIAS as well, so a whole unit, new unit was
24 sent onboard to upgrade.

25 In the meantime, we came into contact, we

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1 brought our IT department, our computer
2 technicians at our offices into contact with
3 Vigilant Marine so they could try and workout
4 the compatibility issues and we arranged,
5 without communications provided, to send a demo
6 for them to Vigilant Marine.

7 MR. BUNDY: To what?

8 MS. TSOCHLAS: A demo of our communication
9 systems so they could try and make it
10 compatible at their premises. After a couple
11 of weeks of trying, they couldn't manage to do
12 that, so we decided to purchase RYDEX
13 Communication Systems and install them onboard
14 the M/T THEO T and the FIDIAS. On the 13th of
15 March -- on the 30th of March we purchased this
16 communication system for both vessels. On the
17 13th of April of 2009, the SWOMS was fully
18 commissioned onboard the M/T FIDIAS and then on
19 the 12th of May, it was fully commissioned
20 onboard the M/T THEO T, and since then, they've
21 both been fully functional transmitting data as
22 required electronically.

23 So both systems are fully functional,
24 fully commissioned on both boards of the
25 vessels. They're both transmitting data

1 produced by the SWOMS on a daily basis without
2 human intervention to the company's offices.

3 Now, we move on to the operational
4 feedback from the M/T THEO T and the M/T
5 FIDIAS. Electronic transmission of data takes
6 place on a daily basis without the need for
7 human intervention.

8 When we first installed the RYDEX onboard
9 the M/T FIDIAS, we came up with other network
10 problems. We couldn't get our -- the RYDEX
11 Communication System to communicate with the
12 SWOMS, we had a network failure, so we had to
13 replace our server onboard the vessel. When
14 that happened, we discovered that if the data
15 is not transmitted at the time it's supposed to
16 be transmitted, we lose it electronically.
17 It's printed out because now we can transmit
18 electronically and printout. The data is
19 printed out, so we don't lose the record but
20 it's lost from the memory. So, we went back to
21 Vigilant and we asked them to upgrade the
22 software so that any data is not transmitted is
23 maintained in the memory for a period of 14
24 days. We've done that because often, according
25 to where the vessel is, there may be a loss of

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1 signal with a satellite and it may not be able
2 to transmit at that moment, but it tries to.

3 So, if it then gets at a later time, a
4 signal from the satellite will be able to
5 transmit that data without losing it.

6 On the THEO T our operational feedback is
7 the initial difficulties that we experienced
8 with the sensor calibration, which Ashland
9 technicians were not able to calibrate the
10 system initially. After we managed to get the
11 calibration and sensitive commissioning of the
12 system, we were not able to transmit the data
13 electronically. We identified the problem was
14 due to software incompatibility. So we changed
15 our communication systems and that lead to the
16 full commissioning of the system on the 12th of
17 May of 2009.

18 Now, onboard the M/T FIDIAS, we had an
19 initial delay of the installation onboard the
20 vessel due to its training. As you all know,
21 the vessel was many months in West Africa and
22 we were not able to send the unit there or
23 install the unit onboard, then there was
24 another delay of commissioning due to the lack
25 of availability of Ashland technicians; they

1 weren't able to get to the vessel.

2 Once we had the system up and running, we
3 had changed the RYDEX -- to the RYDEX
4 Communications System at the time of
5 commissioning the SWOMS, but that's when we
6 discovered that we had a network failure and we
7 had to change the server.

8 But as of the 12th and the 13th of April,
9 the transmission of data has been achieved and
10 we have daily transmission. And then we come
11 to the assessment of the level of support from
12 the manufacturer.

13 As I explained earlier, we have Vigilant
14 Marine who has provided the software unit and
15 Ashland technicians were our subcontractors for
16 the installation of the unit onboard. At
17 times, especially in the beginning, there were
18 delays in response from Vigilant Marine Systems
19 due to their workload. Often we would send an
20 e-mail requesting assistance and we wouldn't
21 get an immediate response back because the
22 person in contact at Vigilant Marine would be
23 onboard another vessel and he would not be
24 contactable. The Ashland technicians
25 experienced difficulties in obtaining Schengen

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1 visas. Schengen visas are for non-union
2 citizens to visit a European country. We had
3 to delay in getting visas onboard for our
4 technicians.

5 MR. CHALOS: That's because the
6 technicians were from Singapore.

7 THE WITNESS: Although Ashland has
8 worldwide support, the Singapore technicians
9 were familiar with the technicians and they
10 were the ones that were going to forward the
11 M/T FIDIAS. Generally, the overall support
12 provided by Vigilant Marine and especially the
13 Ashland was found to be satisfactory. Both
14 Ashland and Vigilant were very willing at all
15 times to attempt to resolve our issues and
16 provide support to the best of their ability.

17 MR. CHALOS: All of the communications
18 have been provided between the two parties. I
19 think we given something like 570 different
20 communications.

21 MR. BUNDY: I noticed that on the CD, the
22 disk that I got, or DVD, or whatever it is,
23 that the communications begin in, like,
24 January.

25 MS. TSOCHLAS: We sent only this year's

1 communication because you saw how much it was
2 for just this.

3 MR. BUNDY: Yeah, 574.

4 MS. TSOCHLAS: If you want all of 2008.

5 MR. BUNDY: I don't want them, but,
6 perhaps --

7 MR. CHALOS: If the Government needs it.

8 MR. BUNDY: If the Government needs it,
9 perhaps you can provide it.

10 MS. TSOCHLAS: We have it available.

11 MS. PETTUS: If it's not too difficult to
12 burn those, I think it would be useful to get a
13 sense of their entire sort of response to you.

14 MS. TSOCHLAS: All right.

15 MR. BUNDY: Okay.

16 MS. TSOCHLAS: So, that is now -- we'll
17 move onto some additional issues that we
18 thought we should address regarding the SWOMS.

19 Management of change. Whenever you're
20 introduced a new piece of equipment or a new
21 system to a vessel, you have to manage the
22 change so that no problems will arise and it's
23 taken into account by your system. When the
24 SWOMS was commissioned, we had to take some
25 certain -- we had to establish a plan of action

1 so that we could integrate it into our safety
2 management system.

3 So, what we did was -- the first thing we
4 did was we requested a user manual from the
5 Vigilant Marine system. The user manual had to
6 be prepared for us because this is -- this
7 system is one of it's kind and hadn't been
8 developed before, so he actually had to produce
9 the manual for us at the time of request.

10 The manual was included in the list of
11 manual instructions that we required to be
12 maintained available onboard, and that manual
13 has been provided to both of the vessels, which
14 was reported by the IEC audit during his
15 verification audit onboard the M/T THEO.

16 We then had to develop procedure requiring
17 the comparison of data that's produced by the
18 SWOMS and we included those procedures in the
19 Environmental Management Manual. Now, why we
20 had to do that was because it's a piece of
21 equipment, it does a job, but we have to ensure
22 that it's accurate at all times. So, those
23 readings that it produces have to be cross
24 checked by manual readings.

25 We also developed instructions regarding

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1 the maintenance and testing of the SWOMS, and
2 those have been included in the Environmental
3 Management Plan. Those instructions resulted
4 in a checklist to ensure that maintenance and
5 testing of the SWOMS is carried out as per our
6 requirements and the maker's requirements and
7 that checklist has been included in the
8 Environmental Management Plan. We've also
9 included the SWOMS in the pre-joining
10 familiarization program. This is important
11 because every seafarer who goes onboard a
12 vessel will expect to find an oily water
13 separator, but they're not likely to expect to
14 find the SWOMS onboard. So, we have to make
15 sure that before going onboard they know what
16 it is, what its function is, and what its
17 purpose is, and then once the seafarer is
18 onboard, we've included in the procedure for
19 familiarization, familiarization with the
20 SWOMS.

21 MR. CHALOS: When they come onboard?

22 MS. TSOCHLAS: When they come onboard,
23 yes.

24 MR. CHALOS: The Environmental Management
25 Plan that Miss Tsochlas was referring to has

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1 been produced as part of the package that we
2 sent to everybody.

3 MS. TSOCHLAS: All right. So, unless
4 there are any questions on that section, we'll
5 move onto training.

6 MR. BUNDY: One thing, are you going to
7 discuss at some point the SWOMS' verification
8 audit and the difficulties of the calibration
9 and whatnot?

10 MS. TSOCHLAS: Yes.

11 Training.

12 The first item is assessment of the
13 training carried out at the manning agent in
14 the Philippines.

15 First, I want to explain how training at
16 the Philippines works. It's divided into two
17 parts. There's training that's carried out to
18 our seafarer at external training facilities
19 and in accordance with national requirements as
20 well as our own company requirements, and then
21 there's pre-joining training carried out at the
22 manning agent's facilities, which the purpose
23 of that training is to ensure that every
24 seafarer is familiar with our safety management
25 system, our requirements, and our policies.

1 Training carried out at external training
2 facilities. It covers a wide range of
3 training. The training facilities are
4 certified in the Philippines. An example of
5 various corporations is one of the -- such as
6 Far East Corp, but there are many, many
7 training centers in Philadelphia that provide
8 all kinds of training.

9 The program of the training is to be
10 attended in accordance with the matrix that we
11 have developed.

12 You can see on the screen right now, the
13 training issues cover everything to do with the
14 required knowledge for management of a vessel
15 and it's divided into three parts.

16 Let me just wait for it to be handed out.

17 Now, you can see the three different
18 colors and that is according to whether it's
19 mandatory requirements for licensing, that the
20 seafarer has to attend in order to be able to
21 sail onboard, then there's industry
22 requirements, and then additional requirements
23 that we request for the specific company and,
24 in our case, we're quite focused on
25 environmental issues now.

1 MR. BUNDY: So, the orange colors are ones
2 that the company has imposed for training in
3 addition to what would typically be required?

4 MS. TSOCHLAS: Exactly.

5 Because the training that a seafarer has
6 to attend is the first part of STCW,
7 legislation requires certain training for the
8 seafarers, then after that because we have
9 tankers the tanker industry is very demanding
10 and it has additional training requirements.

11 MR. CHALOS: Which color are the ST --

12 MS. TSOCHLAS: Blue.

13 MR. CHALOS: And which are the tanker?

14 MS. TSOCHLAS: Yellow.

15 MR. CHALOS: And then the orange, and
16 those are focused then on environmental issues?

17 MS. TSOCHLAS: A number of them are
18 environmental issues. We also have other
19 requirements in addition to the environmental
20 issues.

21 MR. CHALOS: And what's the blue?

22 MS. TSOCHLAS: That's the mandatory
23 requirements, STCW.

24 MR. BUNDY: Be sure and speak into the
25 microphone.

1 MS. TSOCHLAS: The blue is mandatory
2 requirements in accordance with STCW, yellow is
3 minimum requirements, but it's according to the
4 industry.

5 MR. BUNDY: STCW is what?

6 MS. TSOCHLAS: STCW is the legislation for
7 the licensing of seafarer.

8 MR. BUNDY: Go ahead, please.

9 MS. TSOCHLAS: The matrix has been
10 developed based on the candidate's rank and the
11 department he works in, as well as STCW
12 requirements, flag administration requirements,
13 industry requirements, and our own company
14 requirements.

15 It's been enhanced with environmental
16 training with an aim to enrich environmental
17 awareness throughout our shipboard personnel.

18 So, environmental training that has been
19 requested additionally by Ionia is
20 environmental awareness, auxiliary machinery
21 systems, bilge water/waste oil operational
22 management, cargo handling, and safe operation
23 for oil tankers, MARPOL Annex I, II, and VI,
24 and shipboard environmental management systems.

25 This is all external training, training that's

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1 carried out at external training facilities.

2 Then we go onto our pre-joining training,
3 which is carried out at the manning agent.

4 In addition to the training provided by
5 the external training facilities, all our
6 candidates are required to attend a pre-joining
7 familiarization program that lasts 10 days and
8 it's carried out at the manning agent. The
9 purpose of that familiarization program is to
10 ensure that all our seafarers are fully
11 familiar with our policies, our safety
12 management system, which, of course, includes
13 our environmental management system.

14 The trainers that are employed by the
15 manning agency are exclusive to Ionia and they
16 have been trained at Ionia's offices in Greece.

17 The resources that are used for the
18 pre-joining training has been prepared by our
19 shore-based personnel in Greece and it's
20 reviewed on an annual basis to make sure that
21 it's always updated and relevant to the
22 company's requirements.

23 The manning agent has also been supplied
24 with equipment such as ECDIS or PMS. These are
25 applications that we use onboard our vessels.

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1 PMS is a planned maintenance system. It's a
2 software. ECDIS is an electronic chart
3 display. We have units at the manning agents
4 so our seafarers can practice with them before
5 going onboard the vessel.

6 The assessment of training that's carried
7 out at the Philippines. Our Crew Manager
8 visits the manning agent in the Philippines
9 approximately three times a year.

10 When he goes down there, he introduces
11 updated materials so he could include it in the
12 pre-joining familiarization program. He trains
13 our trainers with that new material. That
14 material can do with incidents that we may have
15 had in the fleet, or new regulations, or
16 revisions that have been made to any of our
17 systems. Upon his return to Ionia, he prepares
18 a report of his visit and that report includes
19 an assessment of the training that he has
20 evaluated during his visit at the Philippines
21 and copies of those reports were submitted.

22 MR. CHALOS: In the package that --

23 MS. TSOCHLAS: Yes, in the package 15 days
24 ago.

25 The Crew Manager evaluates the areas of

1 training carried out in Manila. His evaluation
2 is based on records of training available at
3 the manning agent, the quality of training
4 sessions related to pre-joining
5 familiarization. In other words, he sits in on
6 training sessions to make sure that they have
7 been carried out the way we want them to be
8 carried out, and the quality of training that's
9 provided by external training facility. He
10 visits the training facilities and sits in on
11 training sessions there.

12 Now, we'll move onto our Computer Based
13 Training program. In April 2009 we purchased
14 two software packages. One is Competency
15 Evaluation Software, we purchased from Seagull,
16 and Computer Based Training from Videotel.
17 They're both very well-known training providers
18 in the market.

19 MR. CHALOS: Initially, were you going to
20 purchase both?

21 MS. TSOCHLAS: No, initially, we were
22 looking into just computer based training, but
23 then we expanded that -- following the research
24 in the market, we expanded it to computer
25 evaluation as well, competency evaluations.

1 MR. CHALOS: Why is that?

2 MS. TSOCHLAS: I'll explain that further
3 down.

4 MR. CHALOS: My lawyering instincts have
5 taken over.

6 Sorry.

7 MS. TSOCHLAS: So, the Competency
8 Evaluation Software that's from Seagull, it was
9 delivered to Ionia in May of 2009 and it's been
10 installed at our offices in Ionia, and it will
11 be installed in Manila in July 2009, which is
12 when our Crew Manager will be attending the
13 manning agent in the Philippines.

14 The Competency Evaluation Software
15 consists of multiple choice tests and they
16 allow the candidate to carry out a test, so we
17 can identify any areas of weakness that may
18 require further training. It also allows us to
19 produce our own questionnaires, so we can test
20 in specific areas that are of interest to us
21 that we want to emphasize.

22 Computer Based Training. The units
23 were -- had to be built in order to meet our
24 requirements because they can't be customized
25 and we requested emphasis on the environmental

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1 issues. They were delivered to our Ionia
2 offices on the 2nd of July and we were in the
3 process of dispatching them to the vessels.

4 Now, the Competency Evaluation Software,
5 it consists of tests in the following areas,
6 STCW, Flag Requirements, knowledge required by
7 STCW according to the rank and department of
8 the seafarer, and it allows, as I said earlier,
9 to prepare our own company's specific tests.
10 So, it helps us to identify those areas of
11 weaknesses, so we can provide further training
12 to brush up the seafarer's knowledge.

13 We've prepared a procedure that's been
14 included in the Environmental Management Plan
15 that requires establishing the candidate's
16 environmental awareness through competency
17 evaluation.

18 MR. BUNDY: Now, are these done
19 pre-employment?

20 MS. TSOCHLAS: Competency evaluation is
21 pre-joining. So, the process is the candidate
22 comes to us, we review his certification, his
23 licensing, his CV, and he's interviewed. Once
24 we pass that stage, then he does the competency
25 evaluation, he will be doing the competency

1 evaluation test, so that we can set up his
2 pre-joining program for familiarization and
3 that's where any additional issues that are
4 required to be addressed to enhance his
5 knowledge will be included in that program.
6 Each seafarer, though, is evaluated throughout
7 his pre-joining familiarization as well, so
8 it's ongoing until he finishes that and he goes
9 onboard, so final approval is just before going
10 onboard.

11 Now the computer based training, it
12 consists of one stand alone unit. When we say
13 stand alone unit, it means it's a PC and a
14 screen that's used solely for training purposes
15 and on that unit, it's loaded with the training
16 sections. For the vessels we have 100 training
17 sessions and we've also purchased two stand
18 alone units, one for Ionia in Greece and one
19 for the manning agent in the Philippines, which
20 has the full set available, 300 titles. And we
21 have --

22 MR. CHALOS: Those are 300 different
23 subjects?

24 MS. TSOCHLAS: 300 different subjects. It
25 covers a huge range of issues, and I'll go into

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1 some detail about that, but before that, we
2 have a short DVD, which it's from Videotel, and
3 it will show you exactly what we mean by CBT,
4 so I think it would be really useful us to
5 watch that, if everybody agrees.

6 MR. BUNDY: Fine.

7 MS. TSOCHLAS: So, that's giving you an
8 idea exactly what CBT is.

9 The training titles include navigation,
10 cargo handling, personal safety issues,
11 security issues, electronic and electrical
12 control engineering, marine engineering,
13 maintenance and repairs, radio communications,
14 as well as MARPOL legislation and environmental
15 issues. Our training is overall with a focus
16 on environmental as well. Each seafarer will
17 carry out CBT lessons and courses in accordance
18 to his rank and to the department he works in.
19 A matrix has been prepared by the company
20 indicating what we expect each seafarer to
21 carry out over a period of time. We've decided
22 that that will be a period of two years. In
23 that period of two years, he will have had to
24 have carried out CBT lessons and courses in
25 accordance with that matrix. All of the

1 results from the training sessions are recorded
2 in the company's database, which is provided by
3 the software, as you saw in the demo before,
4 and every six months the training data will be
5 reviewed and analyzed so that we can identify
6 any trends, because we really want to see if
7 we're seeing improvement, progress, by
8 implementing this training program.

9 Now, this is the flowchart of the
10 procedure that we are going to implement.
11 Prior to signing on, the candidate's
12 environmental awareness will be assessed. He
13 will be assigned a unique I.D. number which
14 will stay with him throughout employment at
15 Ionia, not just onboard one of our vessels, but
16 throughout the time he will be working with
17 Ionia. The candidate will be tested using the
18 Competency Evaluation Software and then the
19 results from that competency evaluation will be
20 reviewed and analyzed, so we can identify any
21 areas that we need to focus on to improve his
22 knowledge. Upon approval of the candidate,
23 then he will attend the pre-joining
24 familiarization training program which will
25 have taken into account the areas of weakness

1 identified during the competency evaluation.
2 Once he successfully completed the pre-joining
3 familiarization and training program, he'll
4 sign a declaration of environmental commitment
5 and then he'll be ready to go onboard. All
6 records of his competency evaluation, and
7 training and declaration of commitment is
8 maintained in his personal file by the crew
9 department.

10 Once he's onboard, the seafarer will be
11 familiarized with the vessel's pollution
12 prevention equipment and the requirements that
13 are specific to the vessel of the environmental
14 management plan. Each seafarer will then
15 participate in weekly training sessions and
16 drills in accordance with the program that's
17 been prepared by the company. In addition to
18 the weekly training, he'll also have to carry
19 out at least two sessions per month for the
20 computer based training.

21 We also have a requirement for monthly
22 environmental committee meetings to be held
23 onboard. Those meetings are to allow
24 discussion, open discussion between all the
25 crew onboard regarding issues or concerns

1 related to the environment that may arise
2 onboard.

3 All training and drills data, and the
4 environmental committee meeting minutes are
5 submitted to the company on a monthly basis for
6 review. Prior to signing-off, all the senior
7 officers will hand over the environmental
8 component related to their duties and
9 responsibilities onboard to the replacement
10 officer, and the signing-off Officer will sign
11 an acknowledgment of environmental compliance
12 through his service onboard.

13 MR. CHALOS: Excuse me. Is this training
14 only for the FIDIAS and the THEO T?

15 MS. TSOCHLAS: No, this is fleet-wide.
16 The environmental management plan is being
17 implemented onboard all vessels managed by
18 Ionia. Once he signed off, the seafarer will
19 be appraised. His performance onboard with
20 regard to the environment will be evaluated and
21 this is also the time where any identification
22 for the training needs will be carried out.

23 Now, in December, I had presented to you
24 the proposal we were making for training for
25 the restructuring of the training at Ionia that

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1 was going to be carried out. I'd like to
2 update you on that and show you what changes
3 have been made, because at that time it was
4 still a proposal, so we've made amendments to
5 the procedure since then.

6 This was the first flowchart that I had
7 presented to you in December, it had started
8 off that we would review the available training
9 providers in the market, we did that.

10 MR. CHALOS: Who's that?

11 MS. TSOCHLAS: Seagull, Videotel, and
12 there was some other companies like IBS. There
13 was quite a few companies we looked at who
14 provided computer based training. We provided
15 the training, which was Videotel. We reviewed
16 the available titles and the packages on offer,
17 and then we purchased our training package, and
18 we have prepared the matrix of courses that we
19 want to be carried out. We'll also be using
20 computer based training at the manning agent.
21 That's why we have the full set at the manning
22 agent. So, we have covered all those items,
23 and now we're at the point of implementing our
24 computer based training program. The rest of
25 the flowchart has stayed the same as last time.

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1 Then onto the next --

2 MR. BUNDY: Let me ask you this, in terms
3 of the additional items to be accomplished in
4 the flowchart, when do you expect those to be
5 achieved?

6 MS. TSOCHLAS: The company's specific
7 tests are presently being developed and the
8 software will be -- this is for competency
9 evaluation, that will be install at Manila in
10 the second week of July when the Crew Manager
11 goes down to Manila. We are presently
12 assigning unique I.D. numbers to all our
13 seafarers, and the data of the pre-joining
14 training we're beginning now, so this is an
15 ongoing process.

16 MR. BUNDY: So, the basic structure of
17 your recordkeeping for training is finished?

18 MS. TSOCHLAS: It's in place now.

19 MR. BUNDY: And you're now assigning
20 numbers for the seafarers?

21 MS. TSOCHLAS: And starting to collect
22 data.

23 MR. BUNDY: And as soon as that is done,
24 as they achieve their training, then that
25 information will be put into the database?

1 MS. TSOCHLAS: Exactly.

2 Can I go on?

3 MR. BUNDY: Please.

4 MS. TSOCHLAS: Then there was the onboard
5 training procedure proposals. We have made a
6 couple of changes to that. We have prepared a
7 matrix of courses to be carried out while
8 onboard. That's been done. We had
9 originally -- we were originally going to stop
10 carrying out the weekly training sessions,
11 group training sessions, and just implement the
12 computer based training, but we decided that
13 group training sessions are beneficial because
14 it allows for discussion and dialogue between
15 the seafarers, so we're going to continue with
16 the weekly training onboard in the group
17 sessions and, in addition to that, each
18 seafarer will have to carry out two computer
19 based training courses per month.

20 And then the rest of the procedure remains
21 the same and is in the process of being
22 implemented. It has been included in the
23 environmental management plan as a procedure.

24 MR. CHALOS: Maybe you want to explain
25 what the rest is?

1 MS. TSOCHLAS: Sure.

2 So, training records are to be submitted
3 to the company on a monthly basis for review
4 and the records are maintained for each crew
5 member throughout the service with the company.

6 MR. BUNDY: Is that in place now?

7 MS. TSOCHLAS: That's in place. Each crew
8 member has his own personal file, and that was
9 something in place always. And training
10 records have always been collected and now
11 we're going to add to that the computer based
12 training and the competency evaluation as they
13 carry out that training -- as they participate
14 in that training. The statistics will be
15 reviewed on a six month basis in order to
16 assess the performance both of the procedure
17 and of the crew members.

18 MR. BUNDY: When do you foresee the first
19 six month review occurring?

20 MS. TSOCHLAS: Around December, January.
21 That depends on dispatching the units to the
22 vessels, which depends on the training
23 patterns. We've already got the units on three
24 of the seven vessels, the remaining four, one
25 of which is in Nigeria at the moment, so we're

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1 not sure when we're going to get it onto that
2 vessel, so it depends on the training pattern
3 of the vessel.

4 MR. BUNDY: Will you wait until you have
5 all of the vessels have the training, or will
6 you --

7 MS. TSOCHLAS: As they get installed
8 onboard, we'll start implementing it.

9 MR. BUNDY: Okay.

10 MS. TSOCHLAS: And then when we had a
11 proposal for onboard training to be carried out
12 by company representatives, we had originally
13 proposed to have a specific training officer at
14 the company who will go onboard and carry out
15 the training, but we decided that that would
16 take too long for him to rotate from one vessel
17 to the other, so what we have done is our
18 superintendents, when they go onboard, in
19 addition to the work that they have to carry
20 out during the attendance, they will also carry
21 out onboard training, which will be in
22 accordance with our newly implemented training
23 procedure and they'll utilize the CBT, but they
24 will also utilize material that we have
25 prepared at Ionia in the form of presentations

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1 to identify -- to address identified areas of
2 weakness onboard. And the safety and quality
3 department will be coordinating the procedure.
4 This is a procedure that I had presented in
5 December as a proposal. Would you like me to
6 go through it now or can we go on?

7 MR. BUNDY: Just go on.

8 MS. TSOCHLAS: Whenever you put a new
9 procedure in place, it has to be assessed for
10 it's efficiency. So, we've put a procedure in
11 place to assess the efficiency of the training.
12 We'll do that by maintaining records of the
13 competency evaluation, maintaining the onboard
14 training data that will be submitted, the
15 additional data which will be from the computer
16 based training, and all those records will be
17 reviewed and analyzed on an individual basis,
18 so that we can monitor the seafarer's
19 individual progress, but also -- let's go to
20 the next slide -- it will be done on a
21 fleet-wide basis so that we can see if we are
22 getting what we want back from the computer
23 based training.

24 MR. BUNDY: Who's going to be doing this
25 analysis?

1 MS. TSOCHLAS: That's between the crew
2 department and the safety and quality
3 department. The crew department will be
4 monitoring the pre-joining competency
5 evaluation data and the safety and quality
6 department will be monitoring the onboard
7 training.

8 MR. BUNDY: And you're the safety and
9 quality department?

10 MS. TSOCHLAS: Yes.

11 MR. BUNDY: Okay.

12 MS. TSOCHLAS: We've also put key
13 performance indicators in place so we can
14 measure the progress of implementation. Those
15 will be based on the number of fleet incidents
16 we have, the number of near misses we record,
17 and any deficiencies through third party
18 inspections onboard. The efficiency of the
19 newly introduced procedure will be assessed on
20 an annual basis, so we're expecting to start
21 seeing results a year from now.

22 MR. BUNDY: Okay.

23 MS. TSOCHLAS: Now, we submitted the
24 training reports from the Crew Manager
25 following his visits at Manila, we've submitted

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1 that in the documentation 15 days ago, and I
2 just want to make a summary of his findings,
3 generally.

4 He found that trainers are overall very
5 receptive to any new material that we provide
6 to them for training. The trainee's attitudes
7 are very positive towards new material and to
8 the existing training program. They express
9 enthusiasm, especially with the applications
10 that we have available for them to practice on
11 while they're at the manning agent.

12 The Crew Manager has ensured that the
13 company's code of ethics is being effectively
14 promoted and, also, MARPOL legislation and
15 other environmental awareness issues have been
16 emphasized, as we have requested from the
17 manning agent, and he has emphasized with the
18 manning agent that we really need to establish
19 open and effective communication with our
20 company's seafarers. So, he goes for about
21 three weeks to Manila, three weeks to a month,
22 and he tries to meet with the seafarer's
23 families and ensure that they feel that they
24 can speak to us.

25 MR. BUNDY: Has that process begun, has he

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1 done that?

2 MS. TSOCHLAS: That has begun, yes, and
3 that has been ongoing.

4 MR. SANBORN: Krystyna, I noted at the
5 last trip that Captain Suntays made was in
6 December of last year. Has he been -- I
7 mean --

8 MS. TSOCHLAS: Yeah, he went again, I
9 think, in April, but he went for a very short
10 time and now he was supposed to go in June, but
11 we delayed it because he wouldn't have been
12 available for today.

13 MR. SANBORN: Okay. That was the last
14 thing that was in that package that came?

15 MS. TSOCHLAS: Yes.

16 MR. SANBORN: Thank you.

17 MS. TSOCHLAS: Our procedure requires the
18 Crew Manager to audit the manning agency on an
19 annual basis. It's just -- we try to get him
20 there three times a year, so that we can
21 monitor things better.

22 MR. SANBORN: Thank you.

23 MR. BUNDY: Okay.

24 MR. CHALOS: The training of the seafarers
25 that are serving on Ionia managed vessel has

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1 been ongoing all along.

2 MS. TSOCHLAS: Yes. We've been enhancing
3 it and promoting environment more in that
4 training.

5 MR. CHALOS: And introducing the new
6 Computer Based Training and the other program,
7 the Competency Evaluation.

8 MS. TSOCHLAS: It's not that we've just
9 started now, Ionia has always been very -- has
10 given a lot of weight to training in the
11 Philippines and we've just been enriching that
12 and enhancing that as much as we can as new
13 things come onto the market and new ideas come
14 on, we try and incorporate them.

15 MR. BUNDY: Go ahead.

16 MS. TSOCHLAS: Up until now, we required
17 an annual audit to be carried out at the
18 manning agent in Manila, but we haven't had a
19 formal procedure for how the assessment and the
20 procedure for how the manning agent will be
21 carried out, so we have prepared a procedure
22 that will require the annual audit of the
23 manning agent in the Philippines. It defines
24 the scope of audit. To ensure that the manning
25 agent will comply with Ionia's requirements and

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1 it effectively implementing the company's
2 policies and procedures, and it has elements to
3 ensure the pre-joining training and
4 familiarization is carried out at the manning
5 agent as we request, in accordance with our
6 procedures.

7 We have defined in our new procedure
8 regarding assessment of Manila, how we want the
9 evaluation of training to be carried out. The
10 evaluation of training will be based on the
11 review of records, observation of training
12 carried out both at the manning agent during
13 the pre-joining familiarization and at the
14 external training facilities, inspection of the
15 facilities and infrastructure, and interviews
16 with any seafarers that are available.

17 Up until now, this was ongoing, but it
18 wasn't formalized, now we're formalizing it.

19 MR. BUNDY: And is that -- where is that
20 procedure found?

21 MS. TSOCHLAS: That will be integrated
22 into the Safety Management System.

23 MR. CHALOS: Which includes the
24 environmental management?

25 MS. TSOCHLAS: It's not in the

1 Environmental Management Plan because this is
2 an overall procedure. It's not just focused on
3 the environment.

4 We've also included an evaluation form, so
5 that each seafarer that participates in
6 training, both at an external training provider
7 or at the manning agent, will complete a form
8 evaluating the quality of the training provided
9 to you. And those evaluation forms will be
10 provided to the crew department for analysis
11 and review on an annual basis, so that we can
12 crosscheck that the seafarer is getting what we
13 think he's getting.

14 MR. BUNDY: When do you expect this
15 procedure to be -- to have your first results
16 or first formal audit results?

17 MS. TSOCHLAS: It will be probably a year
18 from now.

19 Now, in the pre-joining familiarization,
20 environmental issues included in that program
21 are to do with ISO 14,001, which is the
22 environmental prototype, environmental aspects
23 and impacts, bunkering procedures, MARPOL
24 legislation, which is Annex I, II, IV, V and
25 VI, garbage management, slops disposal, oily

1 water separator, pollution prevention
2 equipment, crude oil washing, ballast water
3 management and exchange, our code of ethics,
4 and completing the oil record book.

5 That program is continuously being
6 enhanced and reviewed and approved.

7 So, if we've got nothing further for
8 training, I'll go to the Environmental
9 Management System.

10 MR. BUNDY: Okay.

11 MS. TSOCHLAS: The first item on the
12 outline provided by Mr. Bundy was the status of
13 implementation of the Environmental Management
14 System and its plans for distribution. The
15 finalized environmental management plan came
16 into effect on the 1st of July. The manual and
17 relevant instructions for how we want it
18 implemented have been dispatched to the
19 vessels.

20 MR. BUNDY: Now, this is fleet-wide.

21 MS. TSOCHLAS: Fleet-wide. We started the
22 first two ships that got the environmental
23 management program, the THEO T and the FIDIAS,
24 but it's all fleet-wide.

25 And we've prepared a training at

1 presentation that was first carried out at our
2 offices, with our shore-based staff to ensure
3 that everybody is familiar with the new plan,
4 and we are -- the company representatives will
5 be boarding the vessels over the next two
6 months, so that the training can be carried out
7 onboard, as well, to make sure that everybody
8 onboard is familiar with the requirements of
9 the plan and is not just put in the corner and
10 forgotten about.

11 MR. BUNDY: Now, are these the
12 superintendents or other company
13 representatives?

14 MS. TSOCHLAS: No, it's the Safety and
15 Quality Department, the Marine Department, and
16 the Technical Department.

17 MR. BUNDY: Okay.

18 MS. TSOCHLAS: So, the training is first
19 carried out at the offices internally and then
20 they go out onboard to carry out the training.

21 MR. CHALOS: Representatives from those
22 three departments will go onboard?

23 MS. TSOCHLAS: Exactly. According with
24 the program in attendance.

25 We have sent the Environmental Management

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1 Plan to Manila, so they have it there, but the
2 Crew Manager will be carrying out training when
3 he's there in the second week of July. And
4 once we have the Environmental Management Plans
5 now onboard and we're implementing it, after
6 six months of implementation, we're going to
7 carry out internal audits to ensure that it's
8 being properly implemented and may resolve any
9 issues or identify any revision that may need
10 to be made, because this is a system that it's
11 always changing, it's a living document, it's
12 always being revised and amended so that it can
13 suit our needs.

14 Once we have implemented a full six
15 months, we're going to have to evaluate its
16 effectiveness and see if it's really meeting
17 our needs. The evaluation of it's
18 effectiveness will be based on audit results,
19 Master's reviews, and the feedback that we get
20 from the fleet engineering surveys.

21 There's one thing I would like to point
22 out here, we have had a quality and
23 environmental management onboard because we
24 have certification for 14,000, so all this time
25 there has been an environmental manual. During

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